



House of Representatives
Study Committee on Industrial Hemp Production

Final Report

Chairman John Corbett
Representative, 174th District

The Honorable Robert Dickey
Representative, 140th District

The Honorable Carl Gilliard
Representative, 162nd District

The Honorable Tom McCall
Representative, 33rd District

The Honorable Jimmy Pruett
Representative, 149th District

Introduction

The House Study Committee on Industrial Hemp Production was created by House Resolution 1473 of the 2018 Legislative Session. The resolution acknowledged that the U.S. Agricultural Act of 2014 allows universities and state departments of agriculture to cultivate industrial hemp for limited purposes, and since enactment, 41 states have begun participating under its guidelines. Chairman John Corbett led the committee and its members included Representative Robert Dickey, Representative Carl Gillard, Representative Tom McCall, and Representative Jimmy Pruett.

Industrial hemp can be developed into thousands of products including textiles, construction materials, nutritional products, and pharmaceuticals. Genetically it is the same plant as marijuana, the cannabis plant; however, industrial hemp is defined as cannabis that contains less than 0.3% of the hallucinogenic drug tetrahydrocannabinol (THC) on a dry weight basis. Currently, the only way to identify THC levels and determine whether a plant is industrial hemp or marijuana is to lab test individual plants for the chemical.

The state has numerous agricultural research resources within the University System of Georgia including the Cooperative Extension Service, the Georgia Institute of Technology's Strategic Energy Institute, and other institutions. If industrial hemp is legalized for limited cultivation and processing, these resources could be utilized to research the crop's cultivation, composition, and uses.

The legalization of the production of industrial hemp is a part of the U.S. Agricultural Act of 2018, known as the Farm Bill, and if it is signed, limitations currently placed on cultivation and processing will be eliminated nationwide. Under this act, states will be able to submit industrial hemp programs for approval by the U.S. Department of Agriculture. Absent state-regulated programs, those individuals who wish to participate will fall under federal guidelines. For these reasons, this committee sought to solicit expert advice, hear concerns, and make any recommendations regarding the feasibility of producing industrial hemp responsibly as well as highlight the potential economic benefit it may have for farmers and the state.

The committee held three meetings; August 13th at the Elbert County Campus of Athens Technical College, November 27th at the Eastman Campus of Middle Georgia State University, and December 3rd in the Coverdell Legislative Office Building in Atlanta. Additionally, the committee traveled to Frankfort and Lexington, Kentucky to meet with experts from the Kentucky Department of Agriculture, the University of Kentucky, and Atalo Hemp Products on October 12th and 13th.

Meetings

August 13th, 2018 – Athens Technical College, Elberton Campus

The committee's initial meeting included testimony from Dr. Allen J. Moore of the University of Georgia, Brent Burchett of the Kentucky Department of Agriculture, Mindy Bridges of the National Council of State Legislatures (NCSL), and Robert Lee of Ag Extracts.

Dr. Allen J. Moore began by educating the committee on the history and substance of industrial hemp. He highlighted that the crop has been consistently grown worldwide except for the last century in the United States. He went on to provide that industrial hemp and marijuana are the same species of plant, but industrial hemp lacks the psychoactive properties associated with marijuana. He also expressed that the University of Georgia has the ability to be a resource for testing and research if Georgia legalizes the plant's cultivation.

Mindy Bridges of NCSL provided a national perspective on the legalization of industrial hemp. At the time, 40 states had created programs that legalized industrial hemp cultivation to various degrees. These include smaller pilot programs to larger programs that support study of industrial hemp's potential products. Since the study committee's initial meeting, one more state has authorized hemp cultivation.

Robert Lee, the CEO of Ag Extracts leads a company that seeks to extract Cannabidiol (CBD) from industrial hemp. CBD is found in the hemp plant as a whole, but it is most concentrated in the flowering part of the crop. CBD can take the form of a distillate (oil) or isolate (powder) and is linked to the treatment of many ailments including diabetes, arthritis, and depression. CBD can be taken on its own or mixed into products such as creams, capsules, or nutritional products. CBD is not THC and has no psychoactive properties. Mr. Lee also expressed a desire to see industrial hemp production expanded because of the potential economic impact that it would have. Increased cultivation would provide his business and others the opportunity to expand and provide products and jobs throughout the United States.

Brent Burchett of the Kentucky Department of Agriculture leads his state's program on industrial hemp production. Because Kentucky has been growing industrial hemp since limited cultivation was legalized in 2014, he stated that the state would like to be a reliable source for industrial hemp seed as other states begin growing it. Industrial hemp is being grown in about 60% of Kentucky's counties, and the focus of the crop has shifted over time. Many growers began by producing industrial hemp for seed and fiber because those have traditionally been used and there is a known market. Growth for the purpose of extracting CBD has expanded significantly because it represents the most profitable product at this time. Universities statewide have conducted various studies on industrial hemp that may be of use to perspective producers. Current law only allows for licensed individuals and businesses to produce, process, and sell industrial hemp and its associated products, and the license process is administered by state

agents and law enforcement. Those licenses must be renewed annually and include data such as acres intended to be grown and where those acres are located.

When asked, Mr. Burchett noted that Kentucky sets minimums on the number of acres that must be dedicated to industrial hemp for a license holder. This practice helps combat marijuana growth because growing hemp in large amounts allows law enforcement to verify fields by their GPS coordinates. Additionally, industrial hemp can affect the growth of marijuana due to cross pollination of the plants, so growing both side by side is detrimental to the use both plants. He also highlighted that partnership with law enforcement is paramount because industrial hemp needs to be distinguished from marijuana.

Mr. Burchett cautioned that industrial hemp should be treated like any other crop because it is just as difficult to grow as cotton, corn, or any other agricultural product. Because THC levels can vary over time, Kentucky has a system where a crop can be retested and a grower can receive a warning if THC levels come above the 0.3% threshold. However, once a crop's THC level is verified as above that threshold, it would need to be destroyed by law enforcement at the loss of the grower.

October 12-13th, 2018 – Frankfort and Lexington, Kentucky

On October 13th, the committee traveled to the facilities and fields of Atalo Hemp Products along with members of the Kentucky Department of Agriculture. As a licensed grower and processor of industrial hemp, they have pioneered the development of the field over the last several years. The company currently uses technology to harvest and process industrial hemp that was originally intended for other agricultural products. Because of this, a consequence of legalizing industrial hemp production includes expanding the market of technology to grow, harvest, and process the crop. The inclusion of the industrial hemp provisions in the Farm Bill will allow businesses such as Atalo to grow and seek out additional investment which had been withheld due to the current legal position of the plant.

November 27th, 2018 – Middle Georgia State University, Eastman Campus

This meeting included testimony from Commissioner Gary Black and Mike Evans of the Georgia Department of Agriculture, Terry Norris of the Georgia Sheriffs' Association, Scott Dutton of the Georgia Bureau of Investigation, Terry Hollifield of the Georgia Crop Growers Association, and Jonathan Miller of the U.S. Hemp Roundtable.

Jonathan Miller spoke on the history and expansion of industrial hemp since the crop was partially legalized in the U.S. Agricultural Act of 2014. Since enactment, several actions have proved successful in the industrial hemp programs of other states. Mr. Miller expressed that industrial hemp farmers should be regulated through a licensing program so that the crop can only be grown and sold by approved producers. By opting into a license program, law enforcement and agricultural officials can verify hemp by using GPS coordinates provided by the

farmers, and the farmers can ensure they provide a verifiable product through lab testing. He echoed previous statements that the fear of marijuana plants being hidden in industrial hemp fields is impractical because cross-pollination would be detrimental to both plants. Lastly, Mr. Miller believes that enactment of the Farm Bill will allow for states with active industrial hemp legislation to expand their production and secure crop insurance and other tools common to farming.

Terry Norris of the Georgia Sheriffs' Association advised that because the only way to differentiate industrial hemp from marijuana is to lab test it, law enforcement statewide will need additional resources to verify the legal products from the illegal ones. The Georgia Sheriffs' Association wished to reserve the right to take a position on industrial hemp legalization until the association can review potential legislation. Although it would take time to educate the public and law enforcement on the differences between industrial hemp and marijuana, Terry Norris expressed assurance that those differences would be understood if industrial hemp is legalized.

Scott Dutton of the Georgia Bureau of Investigation provided testimony that law enforcement as a whole may have difficulty properly identifying industrial hemp because they would no longer be able to do a visual test. This may be detrimental because a backlog of marijuana lab tests already exists. GBI took no position for or against the legalization of industrial hemp.

Terry Hollifield of the Georgia Crop Improvement Association expressed that the association may be able to take on the burden of seeking and testing certified seed for industrial hemp. The association takes on a similar role for other crops; however, industrial hemp is unique because certified seed will not guarantee the level of THC in a processed crop. Mr. Hollifield expressed that as with other agricultural products in Georgia, the association will gladly be a resource if the state were to pursue this endeavor.

Commissioner Gary Black and Program Director Mike Evans of the Georgia Department of Agriculture acknowledged that because it has not been legally grown for decades, industrial hemp will require a lot of study to be safe and successful. Needs and outcomes of the plant such as pesticides and THC levels depending on soil and climate are significant variables nationwide. The EPA, FDA, and USDA lack data and publications which support the safe production of industrial hemp due to the absence of legality. They expressed that industrial hemp production may benefit from a special funding project within the state's university system. Also, they questioned what a reasonable fee structure for licensing and testing looks like and highlighted that it would need further study.

December 3rd, 2018 – Coverdell Legislative Office Building, Atlanta, Georgia

The committee's final meeting was dedicated to public comment and to provide the committee with an opportunity to express any recommendations they may have for the final report. Representative Dominic LaRicca of the 169th District and Justin Kirnon representing the Georgia Municipal Association both testified.

Rep. LaRiccia began by stating he is not an opponent to the committee's charge, but he urged caution as industrial hemp legalization is considered. The representative stated that because industrial hemp and marijuana are variations of the same plant, cannabis, legalizing hemp may have the unintended consequence of softening the public's view of marijuana and other drugs that strain society, especially children. Additionally, he cautioned against legalizing this crop specifically for the purpose of creating revenue when government should be as small as possible. Rep. LaRiccia spoke about how industrial hemp is largely unexplored by the United States and has a number of unanswered questions including how would seed be regulated and monitored and what pesticides would be safe for use. Rep. LaRiccia closed by again affirming he is not opposed to the committee or its undertaking and he appreciated the conviction of its members. He stated that he looks forward to supporting a bill that is thoroughly scrutinized and maintains the safety and dignity of the people of Georgia.

On behalf of the Georgia Municipal Association, Mr. Kirnon voiced the association's hope that any bill that comes forward will be sure to allocate adequate authority to Georgia's cities because any policies that are decided upon will require enforcement by localities.

The committee deliberated on what the purpose of industrial hemp would be for Georgia. The members expressed that industrial hemp would be meant to provide Georgia's farmers with additional opportunities to compete with other states that have already approved cultivation. They acknowledged that there will be an educational curve to overcome among farmers, manufacturers, law enforcement, and the general public, but it can be done so long as decision-makers are cautious. Industrial hemp has regulatory costs in order to maintain a legal program, and any fees implemented should be structured to the limited bounds of the program and not to profit the state.

The committee also highlighted that if industrial hemp is legalized at the federal level under the pending Farm Bill, the state will lose an opportunity to create a program that is suitable for Georgia if it does not act. In the absence of a state regulated program, farmers will still have the option to produce industrial hemp, but regulations and fees will be set by the United States Department of Agriculture. Under the pending Farm Bill, states will have the option to create their own program and regulations within the limitations of the USDA. State program may determine fees, licensing, and other regulations related to the crop.

Recommendations

The House Study Committee on Industrial Hemp Production recommends that Georgia move forward in legalizing industrial hemp production in a manner which creates a safe and effective program within federal regulations. Responsible production of the crop would provide additional opportunities for those participating in the agricultural economy. At minimum, a pilot program within the bounds of the Agricultural Act of 2014 will bring the state up to the competitive standards of 41 other states. Following the committee's final meeting, Congress passed the 2018

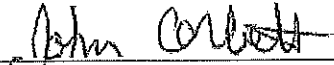
Farm Bill on December 13, 2018, and it awaits signature by the President. Because of the probability that production will be legal nationwide, Georgia should take steps to prepare a larger program that fits within the guidelines of that act.

Legislation and agencies that regulate the production of industrial hemp should cooperate fully with Georgia's state and local law enforcement to maintain program integrity and the safety of the public. The state may consider providing both local and state law enforcement with additional resources to educate officers and the public and to speed up the chemical testing of possible marijuana samples.

The Georgia Department of Agriculture should advise the Governor and General Assembly on the creation a program that is suitable for Georgia. The department should propose a license and fee structure, seek partners who may provide certified seed, and empower farmers to grow the product responsibly. The department may wish to begin with a limited license model so that the state may conduct research on what kind of infrastructure industrial hemp production will require. The committee also recommends that the state consider partnering the Georgia Department of Agriculture with the University System of Georgia in order to connect licensed growers with a way to reliably test the THC levels of crops. The state should consider providing the University System of Georgia with the resources to research and test industrial hemp so that farmers may better know what types and processes will have the best outcomes in Georgia.

Mr. Speaker, these are the findings and recommendations of your Study Committee on Industrial Hemp Production.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "John Corbett", is positioned above a horizontal line.

The Honorable John Corbett
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Chairman

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